

108<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3632

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 22, 2004

Received, read twice and referred to the Committee on the Judiciary

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## AN ACT

To prevent and punish counterfeiting of copyrighted copies  
and phonorecords, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Intellectual Property  
3 Protection and Courts Amendments Act of 2004”.

4 **TITLE I—ANTI-COUNTERFEITING**  
5 **PROVISIONS**

6 **SEC. 101. SHORT TITLE.**

7 This title may be cited as the “Anti-counterfeiting  
8 Amendments Act of 2004”.

9 **SEC. 102. PROHIBITION AGAINST TRAFFICKING IN COUN-**  
10 **TERFEIT COMPONENTS.**

11 (a) IN GENERAL.—Section 2318 of title 18, United  
12 States Code, is amended—

13 (1) by striking the section heading and insert-  
14 ing the following:

15 **“§ 2318. Trafficking in counterfeit labels, illicit labels,**  
16 **or counterfeit documentation or pack-**  
17 **aging”;**

18 (2) by striking subsection (a) and inserting the  
19 following:

20 “(a) Whoever, in any of the circumstances described  
21 in subsection (c), knowingly traffics in—

22 “(1) a counterfeit label or illicit label affixed to,  
23 enclosing, or accompanying, or designed to be af-  
24 fixed to, enclose, or accompany—

25 “(A) a phonorecord;

26 “(B) a copy of a computer program;

1           “(C) a copy of a motion picture or other  
2 audiovisual work;

3           “(D) a copy of a literary work;

4           “(E) a copy of a pictorial, graphic, or  
5 sculptural work;

6           “(F) a work of visual art; or

7           “(G) documentation or packaging; or

8           “(2) counterfeit documentation or packaging,

9 shall be fined under this title or imprisoned for not more  
10 than 5 years, or both.”;

11           (3) in subsection (b)—

12           (A) in paragraph (2), by striking “and”  
13 after the semicolon;

14           (B) in paragraph (3)—

15           (i) by striking “and ‘audiovisual work’  
16 have” and inserting the following: “‘audio-  
17 visual work’, ‘literary work’, ‘pictorial,  
18 graphic, or sculptural work’, ‘sound record-  
19 ing’, ‘work of visual art’, and ‘copyright  
20 owner’ have”; and

21           (ii) by striking the period at the end  
22 and inserting a semicolon; and

23           (C) by adding at the end the following:

1           “(4) the term ‘illicit label’ means a genuine cer-  
2           tificate, licensing document, registration card, or  
3           similar labeling component—

4                   “(A) that is used by the copyright owner  
5           to verify that a phonorecord, a copy of a com-  
6           puter program, a copy of a motion picture or  
7           other audiovisual work, a copy of a literary  
8           work, a copy of a pictorial, graphic, or sculp-  
9           tural work, a work of visual art, or documenta-  
10          tion or packaging is not counterfeit or infring-  
11          ing of any copyright; and

12                   “(B) that is, without the authorization of  
13          the copyright owner—

14                   “(i) distributed or intended for dis-  
15          tribution not in connection with the copy,  
16          phonorecord, or work of visual art to which  
17          such labeling component was intended to  
18          be affixed by the respective copyright  
19          owner; or

20                   “(ii) in connection with a genuine cer-  
21          tificate or licensing document, knowingly  
22          falsified in order to designate a higher  
23          number of licensed users or copies than  
24          authorized by the copyright owner, unless  
25          that certificate or document is used by the

1 copyright owner solely for the purpose of  
2 monitoring or tracking the copyright own-  
3 er's distribution channel and not for the  
4 purpose of verifying that a copy or phono-  
5 record is noninfringing;

6 “(5) the term ‘documentation or packaging’  
7 means documentation or packaging, in physical  
8 form, for a phonorecord, copy of a computer pro-  
9 gram, copy of a motion picture or other audiovisual  
10 work, copy of a literary work, copy of a pictorial,  
11 graphic, or sculptural work, or work of visual art;  
12 and

13 “(6) the term ‘counterfeit documentation or  
14 packaging’ means documentation or packaging that  
15 appears to be genuine, but is not.”;

16 (4) in subsection (c)—

17 (A) by striking paragraph (3) and insert-  
18 ing the following:

19 “(3) the counterfeit label or illicit label is af-  
20 fixed to, encloses, or accompanies, or is designed to  
21 be affixed to, enclose, or accompany—

22 “(A) a phonorecord of a copyrighted sound  
23 recording or copyrighted musical work;

24 “(B) a copy of a copyrighted computer  
25 program;

1           “(C) a copy of a copyrighted motion pic-  
2           ture or other audiovisual work;

3           “(D) a copy of a literary work;

4           “(E) a copy of a pictorial, graphic, or  
5           sculptural work;

6           “(F) a work of visual art; or

7           “(G) copyrighted documentation or pack-  
8           aging; or”; and

9           (B) in paragraph (4), by striking “for a  
10          computer program”; and

11          (5) in subsection (d)—

12           (A) by inserting “or illicit labels” after  
13          “counterfeit labels” each place it appears; and

14           (B) by inserting before the period at the  
15          end the following: “, and of any equipment, de-  
16          vice, or material used to manufacture, repro-  
17          duce, or assemble the counterfeit labels or illicit  
18          labels”.

19          (b) CIVIL REMEDIES.—Section 2318 of title 18,  
20          United States Code, is further amended by adding at the  
21          end the following:

22           “(f) CIVIL REMEDIES.—

23           “(1) IN GENERAL.—Any copyright owner who  
24          is injured, or is threatened with injury, by a viola-

1       tion of subsection (a) may bring a civil action in an  
2       appropriate United States district court.

3               “(2) DISCRETION OF COURT.—In any action  
4       brought under paragraph (1), the court—

5                       “(A) may grant 1 or more temporary or  
6       permanent injunctions on such terms as the  
7       court determines to be reasonable to prevent or  
8       restrain a violation of subsection (a);

9                       “(B) at any time while the action is pend-  
10      ing, may order the impounding, on such terms  
11      as the court determines to be reasonable, of any  
12      article that is in the custody or control of the  
13      alleged violator and that the court has reason-  
14      able cause to believe was involved in a violation  
15      of subsection (a); and

16                      “(C) may award to the injured party—

17                               “(i) reasonable attorney fees and  
18      costs; and

19                               “(ii)(I) actual damages and any addi-  
20      tional profits of the violator, as provided in  
21      paragraph (3); or

22                               “(II) statutory damages, as provided  
23      in paragraph (4).

24               “(3) ACTUAL DAMAGES AND PROFITS.—

1           “(A) IN GENERAL.—The injured party is  
2 entitled to recover—

3           “(i) the actual damages suffered by  
4 the injured party as a result of a violation  
5 of subsection (a), as provided in subpara-  
6 graph (B) of this paragraph; and

7           “(ii) any profits of the violator that  
8 are attributable to a violation of subsection  
9 (a) and are not taken into account in com-  
10 puting the actual damages.

11           “(B) CALCULATION OF DAMAGES.—The  
12 court shall calculate actual damages by multi-  
13 plying—

14           “(i) the value of the phonorecords,  
15 copies, or works of visual art which are, or  
16 are intended to be, affixed with, enclosed  
17 in, or accompanied by any counterfeit la-  
18 bels, illicit labels, or counterfeit docu-  
19 mentation or packaging, by

20           “(ii) the number of phonorecords, cop-  
21 ies, or works of visual art which are, or are  
22 intended to be, affixed with, enclosed in, or  
23 accompanied by any counterfeit labels, il-  
24 licit labels, or counterfeit documentation or  
25 packaging.



1           “(C) DEFINITION.—For purposes of this  
2 paragraph, the ‘value’ of a phonorecord, copy,  
3 or work of visual art is—

4           “(i) in the case of a copyrighted  
5 sound recording or copyrighted musical  
6 work, the retail value of an authorized pho-  
7 norecord of that sound recording or musi-  
8 cal work;

9           “(ii) in the case of a copyrighted com-  
10 puter program, the retail value of an au-  
11 thorized copy of that computer program;

12           “(iii) in the case of a copyrighted mo-  
13 tion picture or other audiovisual work, the  
14 retail value of an authorized copy of that  
15 motion picture or audiovisual work;

16           “(iv) in the case of a copyrighted lit-  
17 erary work, the retail value of an author-  
18 ized copy of that literary work;

19           “(v) in the case of a pictorial, graphic,  
20 or sculptural work, the retail value of an  
21 authorized copy of that work; and

22           “(vi) in the case of a work of visual  
23 art, the retail value of that work.

24           “(4) STATUTORY DAMAGES.—The injured party  
25 may elect, at any time before final judgment is ren-

1       dered, to recover, instead of actual damages and  
2       profits, an award of statutory damages for each vio-  
3       lation of subsection (a) in a sum of not less than  
4       \$2,500 or more than \$25,000, as the court considers  
5       appropriate.

6               “(5) SUBSEQUENT VIOLATION.—The court may  
7       increase an award of damages under this subsection  
8       by 3 times the amount that would otherwise be  
9       awarded, as the court considers appropriate, if the  
10       court finds that a person has subsequently violated  
11       subsection (a) within 3 years after a final judgment  
12       was entered against that person for a violation of  
13       that subsection.

14               “(6) LIMITATION ON ACTIONS.—A civil action  
15       may not be commenced under section unless it is  
16       commenced within 3 years after the date on which  
17       the claimant discovers the violation of subsection  
18       (a).”.

19       (c) CONFORMING AMENDMENT.—The item relating  
20       to section 2318 in the table of sections for chapter 113  
21       of title 18, United States Code, is amended to read as  
22       follows:

      “2318. Trafficking in counterfeit labels, illicit labels, or counterfeit documenta-  
          tion or packaging.”.

1 **SEC. 103. OTHER RIGHTS NOT AFFECTED.**

2 (a) CHAPTERS 5 AND 12 OF TITLE 17; ELECTRONIC  
3 TRANSMISSIONS.—The amendments made by this title—

4 (1) shall not enlarge, diminish, or otherwise af-  
5 fect any liability or limitations on liability under sec-  
6 tions 512, 1201 or 1202 of title 17, United States  
7 Code; and

8 (2) shall not be construed to apply—

9 (A) in any case, to the electronic trans-  
10 mission of a genuine certificate, licensing docu-  
11 ment, registration card, similar labeling compo-  
12 nent, or documentation or packaging described  
13 in paragraph (4) or (5) of section 2318(b) of  
14 title 18, United States Code, as amended by  
15 this title; and

16 (B) in the case of a civil action under sec-  
17 tion 2318(f) of title 18, United States Code, to  
18 the electronic transmission of a counterfeit label  
19 or counterfeit documentation or packaging de-  
20 fined in paragraph (1) or (6) of section 2318(b)  
21 of title 18, United States Code.

22 (b) FAIR USE.—The amendments made by this title  
23 shall not affect the fair use, under section 107 of title 17,  
24 United States Code, of a genuine certificate, licensing doc-  
25 ument, registration card, similar labeling component, or  
26 documentation or packaging described in paragraph (4)

1 or (5) of section 2318(b) of title 18, United States Code,  
2 as amended by this title.

3 **TITLE II—FRAUDULENT ONLINE**  
4 **IDENTITY SANCTIONS**

5 **SEC. 201. SHORT TITLE.**

6 This title may be cited as the “Fraudulent Online  
7 Identity Sanctions Act”.

8 **SEC. 202. AMENDMENT TO TRADEMARK ACT OF 1946.**

9 Section 35 of the Act entitled “An Act to provide for  
10 the registration and protection of trademarks used in com-  
11 merce, to carry out the provisions of certain international  
12 conventions, and for other purposes”, approved July 5,  
13 1946 (commonly referred to as the “Trademark Act of  
14 1946”; 15 U.S.C. 1117), is amended by adding at the end  
15 the following new subsection:

16 “(e) In the case of a violation referred to in this sec-  
17 tion, it shall be a rebuttable presumption that the violation  
18 is willful for purposes of determining relief if the violator,  
19 or a person acting in concert with the violator, knowingly  
20 provided or knowingly caused to be provided materially  
21 false contact information to a domain name registrar, do-  
22 main name registry, or other domain name registration  
23 authority in registering, maintaining, or renewing a do-  
24 main name used in connection with the violation. Nothing

1 in this subsection limits what may be considered a willful  
2 violation under this section.”.

3 **SEC. 203. AMENDMENT TO TITLE 17, UNITED STATES CODE.**

4 Section 504(e) of title 17, United States Code, is  
5 amended by adding at the end the following new para-  
6 graph:

7 “(3) (A) In a case of infringement, it shall be  
8 a rebuttable presumption that the infringement was  
9 committed willfully for purposes of determining re-  
10 lief if the violator, or a person acting in concert with  
11 the violator, knowingly provided or knowingly caused  
12 to be provided materially false contact information  
13 to a domain name registrar, domain name registry,  
14 or other domain name registration authority in reg-  
15 istering, maintaining, or renewing a domain name  
16 used in connection with the infringement.

17 “(B) Nothing in this paragraph limits what  
18 may be considered willful infringement under this  
19 subsection.

20 “(C) For purposes of this paragraph, the term  
21 ‘domain name’ has the meaning given that term in  
22 section 45 of the Act entitled ‘An Act to provide for  
23 the registration and protection of trademarks used  
24 in commerce, to carry out the provisions of certain  
25 international conventions, and for other purposes’

1 approved July 5, 1946 (commonly referred to as the  
2 ‘Trademark Act of 1946’; 15 U.S.C. 1127).”.

3 **SEC. 204. AMENDMENT TO TITLE 18, UNITED STATES CODE.**

4 (a) SENTENCING ENHANCEMENT.—Section 3559 of  
5 title 18, United States Code, is amended by adding at the  
6 end the following:

7 “(f)(1) If a defendant who is convicted of a felony  
8 offense (other than offense of which an element is the false  
9 registration of a domain name) knowingly falsely reg-  
10 istered a domain name and knowingly used that domain  
11 name in the course of that offense, the maximum impris-  
12 onment otherwise provided by law for that offense shall  
13 be doubled or increased by 7 years, whichever is less.

14 “(2) As used in this section—

15 “(A) the term ‘falsely registers’ means registers  
16 in a manner that prevents the effective identification  
17 of or contact with the person who registers; and

18 “(B) the term ‘domain name’ has the meaning  
19 given that term is section 45 of the Act entitled ‘An  
20 Act to provide for the registration and protection of  
21 trademarks used in commerce, to carry out the pro-  
22 visions of certain international conventions, and for  
23 other purposes’ approved July 5, 1946 (commonly  
24 referred to as the ‘Trademark Act of 1946’) (15  
25 U.S.C. 1127).”.

1 (b) UNITED STATES SENTENCING COMMISSION.—

2 (1) DIRECTIVE.—Pursuant to its authority  
3 under section 994(p) of title 28, United States Code,  
4 and in accordance with this section, the United  
5 States Sentencing Commission shall review and  
6 amend the sentencing guidelines and policy state-  
7 ments to ensure that the applicable guideline range  
8 for a defendant convicted of any felony offense car-  
9 ried out online that may be facilitated through the  
10 use of a domain name registered with materially  
11 false contact information is sufficiently stringent to  
12 deter commission of such acts.

13 (2) REQUIREMENTS.—In carrying out this sub-  
14 section, the Sentencing Commission shall provide  
15 sentencing enhancements for anyone convicted of  
16 any felony offense furthered through knowingly pro-  
17 viding or knowingly causing to be provided materi-  
18 ally false contact information to a domain name reg-  
19 istrar, domain name registry, or other domain name  
20 registration authority in registering, maintaining, or  
21 renewing a domain name used in connection with the  
22 violation.

23 (3) DEFINITION.—For purposes of this sub-  
24 section, the term “domain name” has the meaning  
25 given that term in section 45 of the Act entitled “An

1 Act to provide for the registration and protection of  
2 trademarks used in commerce, to carry out the pro-  
3 visions of certain international conventions, and for  
4 other purposes”, approved July 5, 1946 (commonly  
5 referred to as the “Trademark Act of 1946”; 15  
6 U.S.C. 1127).

7 **SEC. 205. CONSTRUCTION.**

8 (a) **FREE SPEECH AND PRESS.**—Nothing in this title  
9 shall enlarge or diminish any rights of free speech or of  
10 the press for activities related to the registration or use  
11 of domain names.

12 (b) **DISCRETION OF COURTS IN DETERMINING RE-**  
13 **LIEF.**—Nothing in this title shall restrict the discretion  
14 of a court in determining damages or other relief to be  
15 assessed against a person found liable for the infringement  
16 of intellectual property rights.

17 (c) **DISCRETION OF COURTS IN DETERMINING**  
18 **TERMS OF IMPRISONMENT.**—Nothing in this title shall be  
19 construed to limit the discretion of a court to determine  
20 the appropriate term of imprisonment for an offense under  
21 applicable law.



1

## **TITLE III—COURTS**

2 **SEC. 301. ADDITIONAL PLACE OF HOLDING COURT IN THE**  
3 **DISTRICT OF COLORADO.**

4 Section 85 of title 28, United States Code, is amend-  
5 ed by inserting “Colorado Springs,” after “Boulder,”.

6 **SEC. 302. PLACE OF HOLDING COURT IN THE NORTHERN**  
7 **DISTRICT OF NEW YORK.**

8 Section 112(a) of title 28, United States Code, is  
9 amended by inserting “Plattsburgh,” after “Malone,”.

Passed the House of Representatives September 21,  
2004.

Attest:

JEFF TRANDAHL,

*Clerk.*